

## Tech isn't the only trend vital to operations

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Consultants know the important role technology plays in the future of the hotel industry, but it's not the only area hoteliers need to focus on to ensure success.



Thomas Tritschler of Tritschler Associates: While digital check-in is practical, it does take away from the emotional aspect of welcoming a guest to a hotel. (Photo: Harriet Lewis Palette)

### Highlights

- Digital check-in and keyless entry are two growing trends in the hotel industry, but consultants say gauging guests' interest in them is essential.
- Not surprisingly, operational trends often boil down to dollars and cents.
- Employee training and sustainability are also key trends for hoteliers to monitor.

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*About this series: This is the first part of a four-part article series about how consultants from around the world view current trends in the global hotel industry. The content is a result of a roundtable discussion held during last fall's International Society of Hospitality Consultants' annual meeting in Berlin. The roundtable was moderated by Hotel News Now.*

BERLIN—The hotel industry is a people-oriented industry, but those with a vested interest in the business should ensure they have the right amount of technology implemented into their operations if they want to be successful.

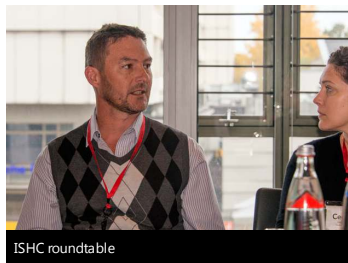
According to consultants who participated in a roundtable discussion about current industry trends, at the top of the technology list is a complete examination of the digital check-in process, which is being implemented with varying degrees of success at some hotels.

Thomas Tritschler, managing director for Germany-based Tritschler Associates, said digital check-in is one of the most practical developments in the hotel industry, but taking away the experience of checking in with a person can be a negative for some guests.

Hotel companies have to be careful not to spend too much time on the technology end of it while sacrificing guest interaction, added Bill Barnett, managing director of Thailand-based C9 Hotelworks.

"Smart owners and smart brands are not letting what they think is right drive it; they are asking the guest," said Mark Martinovic, CEO of South Africa-based Hotel Spec International. "Different people want different things. Go to the source and ask the guest."

Owners of smaller, boutique hotels—including many that are soft branded—have an advantage when it comes to this, according to Tritschler.



"They are talking to their guests while they have breakfast; they meet them in the lobby; they meet them for a drink in the afternoon," he said. "They're in constant contact, and that's how they get the best feedback."

Martinovic said the style of hotel makes a difference when it comes to digital check-in—business hotels are suited perfectly for it while resorts might shy away from it because guests want more of a personal experience.

However, initiatives such as digital check-in and mobile device technology that promotes keyless entry to guestrooms often comes down to dollars and cents, said Cecilia Gordon, partner and co-chair of the hospitality practice at Boston-based Goulston & Storrs.

"One of the great things in the last 10 or 15 years is that so many new kinds of investors have gotten into the market; it's made it a much more liquid transactional market and there are so many more different kinds of owners in it," Gordon said. "But to (increase the use of technology) you have to have a return on investment, and they're not people who want to own for 10 or 15 years so they want to see the return fairly quickly."

Because brands are ahead of owners and consumers in the push for keyless entry, it is incumbent upon brands to prove the technology's value, she added.

She said that if an owner can see proof that there will be a return, "even if it's only on sale value, not necessarily on operating returns, people will be more open to it."

### **Don't forget about employees**

The counterpoint on the technology spend is the trend of committing to employees—especially when experiential travel is part of the equation, Gordon said.

"How do you balance those things and how are you going to train your workforce, how are you going to allow them to be flexible and to fill in for technology if you have to?" she said.

It's essential for employees to help guests find their unique experiences—whether it involves finding a quality cup of local coffee or a daylong adventure in the destination, according to Barnett.

"It's the human contact—it's not just all about technology," he said. "It's about creating those nuances and experiences."

Regardless of the location of the hotel in the world, labor is one of the largest operating costs for a hotel, Martinovic said. That's why having multi-skilled employees is important.

Bob Puccini, president and CEO of San Francisco-based Puccini Group, recalled that when he launched his company 20 years ago, hotel companies were hiring people a year in advance to teach them how to work in a hotel, and in some parts of the world that meant giving them shoes so that they would learn to wear them to work.

"The emphasis on training can't be really minimized," Puccini said.

To receive the full benefits of a quality workforce, hoteliers must continue to reinvent the workspace environment because hotels aren't currently designed for employee efficiency, Barnett said. He pointed to the legendary food court at the nearby KaDeWe department store in Berlin—where three employees often work in very small areas.

"We're not helping ourselves in this industry to continue to design things that need this layer of staffing," Barnett said. "We're shooting ourselves in the foot by designing things that are from 50 years ago and not efficient either."

### **Sustainability is important, too**

Another key trend for operational success is energy efficiency and water efficiency, which are big topics in Africa, Martinovic said. It will become more important as hotels are built in emerging markets around the world.

"There's not a single branded hotel in Lagos (Nigeria) that has city water supply or city sewage—you've got to drill a hole for your own water, then you have to treat it, then you have to store it," Martinovic said. "Everybody runs off generators over there. And this speaks for most of Africa; (electricity) is not available. So your costs are so much higher because you're running an entire hotel off a diesel generator."

There's a fine line between being environmentally friendly and business savvy, the consultants said.

"Developers—in terms of green—they all say, 'I want a green resort' until they see the dollar sign associated with it," said Mike Chun, SVP in the Los Angeles office of Hawaii-based WATG. "That's going to change because you look at

the millennials, the younger generation as a whole. They're all very aware; they're all concerned that this is their future."

"Social responsibility is one thing, but let's be honest, in our context that's really touchy, feely stuff," Martinovic added. "In our context it's very practical. The 330-bedroom Sheraton hotel in Lagos burns through €50,000 (\$54,158) a week in diesel fuel."

The need for being green is essential in Asia, where the concept is entrenched in the culture, according to Barnett. C9 is working on a project in Vietnam that ultimately would consume one-third of the electricity needed to power the area of Ho Chi Minh City, where it is located.

"So we had to run it on our own," Barnett said, adding that energy is a huge cost in developing markets. The big question, he posed, is how to cut those costs through hotel design.

Sustainability is a trend hoteliers need to become more comfortable with, said Christophe De Bruyn, director of tourism and leisure for Spain-based Indra Business Consulting.

The Balearic Islands in Spain attract a large number of green-oriented tourists, and many tour operators have a checklist to determine the sustainable efforts of a hotel, he said.

"If you're not green, you don't even get on their list," De Bruyn said. "It's not going to matter whether the customer is going to pay more for that, but whether the customer is going to come or not to my hotel."

"There's becoming more awareness of the value of it," Puccini said, adding that people are making more effort in their personal lives and want that to reflect on them when they travel.

That doesn't mean it's going to be an easy trend for hotel owners and operators to embrace, according to the consultants.

"On an independent basis you can do that kind of product, but once you bring in the chain operators it becomes another issue—how to implement the brand standards into a green product," Barnett said.

